

## Message Text

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73

ACTION EUR-25

INFO OCT-01 EA-11 NEA-10 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 EB-11 FEA-02 FPC-01

H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07

RSC-01 SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00

PA-04 USIA-15 PRS-01 IO-14 DRC-01 /209 W

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R 081638Z MAR 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 962

INFO AMEMBASSY TEHRAN

AMEMBASSY TOKYO

UNCLAS BONN 3777

E.O. 11652: N/A

TAGS: ENGR, GW, IR

SUBJECT: PRESS CONFERENCE OF IRANIAN PRIME MINISTER HOVEYDA

1. GERMAN NEWSPAPERS CARRIED EXTENSIVE COVERAGE TODAY OF IRANIAN PRIME MINISTER HOVEYDA'S PRESS CONFERENCE AFTER HIS TWO-HOUR DISCUSSION WITH ECONOMICS MINISTER FRIDERICH'S YESTERDAY. ACCORDING TO PRESS REPORTS HOVEYDA NOTED THAT WHILE THE GERMAN REFINERY PROJECT AT BUSHIR REMAINS LINKED TO A COMPLEMENTARY PETRO-CHEMICAL COMPLEX, CONSTRUCTION OF BOTH PROJECTS NEED NOT TAKE PLACE SIMULTANEOUSLY. HE FURTHER NOTED THAT THE PLANNED REFINERY WILL SUPPLY PRIMARILY THE GERMAN MARKET.

2. THE BONN GENERAL ANZEIGER REPORTED THAT THE CONSTRUCTION CONTRACTS FOR THE REFINERY AND THE PETRO-CHEMICAL COMPLEX WILL PROBABLY BE READY FOR SIGNATURE BY THE END OF APRIL. AT THAT TIME, A GERMAN INVESTMENT CONFERENCE WILL TAKE PLACE AT PERSEPOLIS IN WHICH ALSO OTHER, UNSPECIFIED, PROJECTS WILL BE PROCESSED FOR SIGNATURE. ONE-THIRD OF THE REFINERY'S OUTPUT WILL GO INTO PETRO-CHEMICAL PROCESSING AND ONE-HALF OF THE LATTER'S FINISHED

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PRODUCTS ARE TO BE EXPORTED TO THE FRG. TWO-THIRDS OF THE

REFINERY'S OUTPUT WILL BE USED FOR THE PRODUCTION OF KEROSENE, AS WELL AS LIGHT AND HEAVY HEATING FUEL FOR THE FRG. IN HIS GENERAL REMARKS, ACCORDING TO THE GENERAL ANZEIGER, HOVEYDA DREW ATTENTION TO THE COMPLEMENTARY NATURE OF THE TWO ECONOMIES, SAYING: "WE HAVE OIL AND ENERGY, YOU HAVE THE TECHNOLOGY".

3. FRANKFURTER ALLGEMEINE REPORTED THAT SINCE BASIC AGREEMENT ON COOPERATION BETWEEN THE TWO GOVERNMENTS HAS BEEN REACHED, THE TECHNICAL DETAILS OF THE PROJECTS INVOLVED WILL BE WORKED OUT IN TODAY'S DISCUSSIONS PRIMARILY BETWEEN NIOC'S DIRECTOR FALLAH AND GERMAN INDUSTRY (VEBA, GELSENBERG, UNION KRAFTSTOFF, DEUTSCHE SHELL, AND DEUTSCHE BP). THE QUESTION OF PRICE REMAINS TO BE NEGOTIATED. THE FRANKFURTER SPECULATES THAT THE SIZE OF THE CAPITAL REQUIREMENTS MAKES IT APPEAR LIKELY THAT THE REFINERY WILL BE FINANCED JOINTLY BY THE FRG AND IRAN, AND IT ALSO SPECULATES THAT IRAN WILL FINANCE THE PETRO-CHEMICAL PLANT ALONE. THE GERMAN PARTICIPATION IN THE LATTER WOULD THEN COMPRISE ONLY EXPORT DELIVERIES BY GERMAN COMPANIES.

4. HOVEYDA ALSO MADE REFERENCE TO THE SHAH'S PLAN UNDER WHICH THE 12 OPEC TOGETHER WITH INDUSTRIAL COUNTRIES ARE TO PAY \$ 3 BILLION INTO AN IBRD AND IMF ADMINISTERED FUND TO HELP THE LDC'S. IRAN, ACCORDING TO HOVEYDA, IS READY TO PAY \$ 1 BILLION DURING THE PRESENT YEAR.  
HILLENBRAND

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